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SUBJECT: POLITICAL POSTURING TO DOMINATE ASSEMBLY APRIL SESSION

¶1. (SBU) SUMMARY: The National Assembly on April 3 began a thirty-day session that will likely be dominated by political posturing prior to the May 31 nationwide local elections. Issues on the agenda include the confirmation of Rep. Han Myeong-sook as the first female Prime Minister, scandals involving improper lobbying, and a series of reform bills covering labor, defense and education. END SUMMARY.

CONFIRMATION BATTLE OVER ROK'S FIRST FEMALE PM

¶2. (SBU) One of the biggest items on the agenda is the confirmation hearing of Uri Party Rep. Han Myeong-sook as Prime Minister. Han has a long history of women's rights activism. Former President Kim Dae-jung appointed her in 2001 to be the first Minister of Gender Equality, and President Roh later appointed her to be Minister of the Environment. Han resigned in 2004 to launch a successful candidacy for a National Assembly seat. Insisting on a politically-neutral Prime Minister, the opposition Grand National Party (GNP) has objected to Han's close political affiliation with the Uri Party and has demanded that she renounce her party ties. The GNP, however, is unlikely to press the attack on Han too aggressively because of ongoing embarrassment over GNP Rep. Choi Yeon-hee, who has refused to step down following a February incident where he grabbed a female reporter's breasts during a drinking session. Facing allegations that it tolerates sexual harassment, the GNP does not want to be seen fighting the appointment of Korea's first female Prime Minister. The confirmation hearing will be before a committee of six Uri Party representatives, six GNP representatives, and one other representative, and the confirmation will have to be approved by a majority of the Assembly.

PARTIES TRADE SCANDAL ACCUSATIONS

¶3. (SBU) Given GNP's vulnerabilities on challenging Han, most of the political posturing will involve two scandals which seem to be gaining momentum as the May 31 local elections approach. Prosecutors in March raided Hyundai Motor Co. and its subsidiaries in search of evidence that prominent financier and lobbyist Kim Jae-rok improperly received and used funds to lobby the government and financial authorities. Various politicians are eager to take advantage of what the investigation may uncover. Several of the suspect incidents, including the sudden issuance of a construction permit to Hyundai Motors in a part of Seoul previously off-limits to that type of construction, occurred under the administration of Mayor Lee Myung-bak, a leading GNP contender for the presidency. In addition, lobbyist Kim reportedly has close ties with a number of ranking Uri Party figures.

¶4. (SBU) The Uri Party is likely to try to turn an investigation regarding likely presidential candidate and Seoul Mayor Lee Myeong-bak's allegedly improper use of a public tennis court. Investigators are pursuing allegations that since 2003, the Seoul Tennis Council had booked a public tennis court for Lee's exclusive use in exchange for management rights over a southern Seoul tennis court scheduled to open this year. The Korean Athletic Promotion Association (KAPA), which runs the facility, claims that these bookings resulted in about USD 37,000 in unpaid rental charges. The Uri Party has formed a unit to investigate the matter, the Democratic Labor Party has released a statement criticizing the mayor, and the People's Solidarity for Participatory Democracy, an NGO, has requested the Korea Independent Commission Against Corruption to investigate. Lee's tennis problems are undoubtedly a reaction to former Prime Minister Lee Hae-chan's resignation over an improper golf outing in March..

BRAWL LIKELY OVER LABOR REFORM

¶5. (SBU) Labor reform is likely to arise as a contentious issue as well. The National Assembly Environment and Labor Committee on February 28 approved long-pending labor reform legislation regarding temporary, part-time, contract, and other "irregular" workers. The legislation would prohibit discrimination against irregular workers and grant them regular worker benefits -- including termination protections -- after two consecutive years of employment. Hoping to win labor's support, the Committee revised the government's proposal, which provided for a three-year term of irregular employment. Nevertheless, the Committee's approval of the bill triggered large protests from organized labor and contributed to a strike in the transportation sector over the

weekend. Employers, likewise, strongly opposed the legislation as a setback to the goal of labor market flexibility. In light of this opposition from both labor and management, the National Assembly postponed further consideration of the reform legislation until this session. We understand that members of the Democratic Labor Party have already occupied the Judiciary Committee meeting room in the National Assembly in order physically to block further discussion of this bill. After all the pushing and shoving is done, we expect that lawmakers may delay a final vote even further.

DEFENSE AND EDUCATION REFORM MEASURES ALSO PENDING

¶6. (SBU) The Ministry of National Defense's defense reform bill is aimed at (1) civilianization of the Defense Ministry and other defense agencies; (2) force restructuring and modernization; (3) streamlining the defense management system, including creation of a low-cost, high efficiency defense procurement agency; and (4) improving the quality of life for soldiers. The bill was first introduced last fall and is likely to generate continued controversy. Some legislators have criticized the plan for insufficient funding, poor planning, and possible vulnerability against the DPRK.

¶7. (SBU) The Private School Reform Law, which prompted a fifty-three day GNP boycott of the last National Assembly session, is expected to generate controversy again as lawmakers negotiate revision of the law. Simply put, the GNP opposes government oversight of private schools, in particular the open board of directors system which lets the school community nominate one-fourth of board membership.